



# The Sig House

*A Newsletter from the Board of Grand Trustees*

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## Message from the Grand Trustees

The Coronavirus (Covid 19) is having a big impact on our lives. More universities are suspending face to face classes and going to digital courses. Now is the time for house corporations to take steps to mitigate the potential spread of the illness within our chapter houses. Information from the Center for Disease Control (CDC) can be found at [www.cdc.gov/coronavirus](http://www.cdc.gov/coronavirus)

Sigma Chi Headquarters has distributed guidelines and procedures to the active chapter leadership, Chapter Advisors and Grand Praetors. Sigma Chi has suspended all travel, meetings and events.

Universities that close for spring semester is an opportunity to do chapter house deep cleaning as well as get a jump on summer repairs and remodeling.

Many house corporations may be faced with financial challenges due to the early closings. Be sensitive to the impact on the active brothers and their families during these difficult times. Remember, there are strong arms around you and together Sigma Chi will weather this storm.

in hoc signo vinces,  
Rich Hronek  
Chair - Board of Grand Trustees **IHSV**

## RMF Insurance Considerations

Daily news of the coronavirus flood our consciousness. While the information may or may not be true, there are some practical considerations that house corporations should prepare for. It is possible that the college where your chapter house is located may shut down for an indeterminate time period. That would mean, the actives would be sent

home, leaving the house corporation without tenants and rent. What to do? Below, Risk Management Foundation (RMF) provides insurance coverage information and resources available:

**Business Interruption Coverage for campuses that are closing.** RMF uses Lloyds Fraternity Program (LFP) for Sigma Chi house corporations. For Business Income Coverage to apply there must be direct physical loss or damage to the chapter facility caused by a covered peril during the policy period. Pollutants such as COVID-19 are excluded from coverage in the LFP policy. This is an insurance market standard, not anything specific to Sigma Chi or RMF. House Corporations that do not insure with RMF should consult their insurance provider.

RMF is closely monitoring this situation and assessing whether and how to bring additional support and resources for Sigma Chi.

Tenants or parents may inquire about breaking a lease early or request refunds. In most cases, outcomes will be determined by the lease language. House Corporations should review leases with legal counsel and agreements with the university, if applicable, for other requirements.

If online learning has been established at your school, students may be asked to return home. If they are not required to return home and you allow them to remain in the chapter house. RMF *highly* recommends the following:

- Chapter House Sanitation Actions.**
1. Make hand sanitizers, wipes and antimicrobial hand soap available.
  2. Increase the frequency of cleaning and particularly bathrooms.
  3. Increase HVAC maintenance cycles to

# Introducing



## CONSTANTINE HOUSING INITIATIVE

Created to provide, preserve and protect student housing opportunities that strengthen the Sigma Chi undergraduate experience.

[www.constantinehousing.org](http://www.constantinehousing.org)

*Supporting volunteers and local House Corporations as they strive to maintain and improve the quality of Sigma Chi housing.*

ensure filters are cleaned and the system is functioning properly.

**Chapter House Cleaning.** Sigma Chi's Constantine Housing Initiative (CHI) has a national partnership with ServiceMaster to assist with emergency cleaning and restoration efforts. House corporations that have concerns about COVID-19, contact

Cal McCarty  
ServiceMaster Recovery Management  
Office: 800-954-9444  
Mobile: 224-361-1841  
[cal.mccarty@smdsi.com](mailto:cal.mccarty@smdsi.com)  
[www.srmcat.com](http://www.srmcat.com)

**Chapter House Cleaning Supplies.** CHI also maintains an international partnership with **HD Supply**. House Corporations in the RMF Property Program are eligible for significant discounts on a huge catalog of products, including cleaning supplies. To set up an account, email [Justin.Brandt@rmfeducation.org](mailto:Justin.Brandt@rmfeducation.org).

Contact RMF with questions:  
Steve Davidson - Executive Director  
[Steve.Davidson@rmfeducation.org](mailto:Steve.Davidson@rmfeducation.org)  
Risk Management Foundation

Direct: 847.612.6525  
Office: 847.869.3658 **IHSV**

### House Corporation Officers Training Seminar

Due to recent health concerns, House Corporation Officers Training Seminar (HCOTS) scheduled for Spring 2020 is being deferred to a later date to be determined. If you are interested in attending HCOTS, email [tjsamulski@aol.com](mailto:tjsamulski@aol.com) to be put on the wait list. **IHSV**

### House Corporation Essentials

**Q** Why is a house corporation necessary?

A Sigma Chi chapters need a place to call home. That facility usually needs an entity referred to generically as "house corporation" to represent the chapter as either owner of the property or lessee if the chapter rents from a private party or the university. This house corporation acts independently of Sigma Chi Fraternity which has no control over house corporation operations.

**House Corporation As Owner.** If the chapter house is owned by the house corporation, the house corporation manages the property like a landlord. Individual tenant brothers sign a Rental Agreement with the house corporation and agree to pay rent, utilities and other charges and to take reasonable care of the property. If a particular tenant fails to comply with conditions of the Rental Agreement, the house corporation has the right and duty to evict that tenant. The house corporation is responsible for regular maintenance and repairs just like any landlord. The house corporation can borrow money or do fund raising to renovate the property and is obligated to repay debts, insurance premiums, property taxes and other related charges.

**House Corporation As Lessee.** If the chapter wants to rent property from a private individual or the university, a house corporation acts on behalf of the chapter as the lessee to sign a Master Rental Agreement. The house corporation then subleases to individual tenants, collects rent from them and pays the lessor the monthly rent. (If the lessor is a university, the university may collect

directly from the tenants.) Having a house corporation be responsible for the Master Rental Agreement provides a legal entity and the continuity that most landlords require for long term agreements. Undergraduate brothers that come and go simply cannot provide these essentials. If the tenants create disciplinary issues, fail to maintain the property or pay rent, the house corporation is responsible for enforcement, not the property owner.

**Q** A group of alumni wants to start a house corporation. What are the steps?

**A** In order to achieve corporate status, your group must first determine its mission (reason for being) and then seek local legal counsel familiar with incorporation procedures which include:

1. File Articles of Incorporation with the state in which the chapter is located. The filing will probably be for a non-stock corporation controlled by a board of directors. The State filing fee is usually minimal. If the Articles are in good order, the State should issue a corporate charter.

2. After receiving the corporate charter, an organizational meeting should be held shortly thereafter to elect a board of directors from fraternity alumni (actives and chapter advisors should not serve on this board for liability reasons). The elected board will then select its officers. Bylaws must be adopted at the organizational meeting. Opening a bank account for the house corporation requires a corporate resolution which can be passed at this meeting as well. A Tax or Employer ID is necessary to open a corporate account and can be obtained from the IRS by mail, phone or online.

3. Minutes should be taken at each board meeting and kept in a Book of Minutes. Minutes are the record of corporate decisions and actions and keeping these records is required by statute.

4. Corporations are required to file annual tax returns so good financial records should be maintained. House corporations are eligible for recognition

as not-for-profit organizations under Sections 501(c)(2) or 501(c)(7) of the Internal Revenue Code. This status can be applied for at the time the corporation requests its Tax ID number.

**Q** Once the corporation has been formed, does it have to have regular meetings?

**A** Laws vary from state to state. At a minimum, the board should meet annually to hold elections and adopt the coming year's budget. Taking minutes of the meetings is imperative for historical record keeping and compliance with state law. While only annual meetings are required, many house corporation boards meet regularly during the school year to review ongoing operations and or for special meetings if urgent issues arise. Finally, whenever the house corporation wants to borrow money, buy or sell property or appoint vacancies to the board, a meeting should be held with an appropriate resolution passed and placed in the Book of Minutes.

**Q** Can undergraduates serve on the house corporation board?

**A** Undergraduates should not serve on the board since the house corporation should not be advising or directing the chapter's operations. It's fine to have them attend board meetings, just not serve on the board or vote. This is also true of chapter advisors and other alumni whose roles could be construed as "supervisory." In a lawsuit against the chapter, an advisor serving on the board might provide a legal connection between the chapter and the assets of the house corporation.

**Q** Can house corporation members be compensated for their time?

**A** Although it's not illegal, house corporation member typically serve as unpaid volunteers to avoid conflict of interest that inevitably arises when compensation is involved. If a board member wants to serve as a paid property manager and the board agrees that would be a good thing, that board member should resign from the board and serve as a property manager.

**Q** What should we do about a director who enters into a contract for repair to the chapter house which the board did not authorize?

**A** If the work was ordered by a board member who had authority to bind the house corporation to a contract (like the president), the corporation may have to pay. But your bylaws should include a provision that requires all contracts to be approved by the board with an additional provision providing for reimbursement to the house corporation by the member should they authorize work without seeking approval first.

**Q** Do we have any individual legal liability as house corporation members?

**A** If the house corporation is in good standing with the state or province, its records are in good order and the members do not act outside the scope of their authority, the liability risk is minimal. Insurance for house corporation members is the second level of protection. House corporation volunteers at chapters insured by the Risk Management Foundation receive liability insurance coverage. A personal liability umbrella policy is also a good idea and reasonably priced. This kind of policy covers a volunteer for other organization activity as well.

**Q** What could be done to prevent misuse or embezzlement of house corporation funds?

**A** While our brothers are believed to be men of honesty and integrity, temptation can be great for some who are in financial straits or who have drinking, drug or gambling addictions, etc. Embezzlement usually takes place when only one person is handling the money. To discourage the possibility, have someone besides the designated person receive and review a copy of the monthly bank statements. It is also not a bad idea to buy fidelity insurance for those that have access to the money. It is not expensive and can save the corporation from a disaster.

*By Harvey Silverman and Rich Thompson.*

# House Corporation Resource Directory

## ARCHITECTURAL & PLANNING SERVICES

**Aynesworth Architects & Consultants** 512.328.2272  
G. Tim Aynesworth tim@aynesworth.com  
PO Box 161434, Austin TX 78716 www.aynesworth.com  
Architectural design and construction management.  
Texas Registered Architect, Certified by National Council  
of Architectural Registration Board.

**TreanorHL Greek Life** 678.297.2929  
Mike Hug Mhug@TreanorHL.com  
www.treanorhl.com/design/greek-life Specializing in the  
design of new and renovated fraternity houses

**Reifsteck Reid & Company Architects** 217.351.4100  
Rod Reid rreid@r-arch.com  
Chapter house renovation and construction design;  
collects data, analyzes project requirements, develops  
cost estimates; assists locating design and construction  
team members.

## CHAPTER HOUSING DEVELOPMENT

**Pierce Education Properties, L.P.** 619.297.0400  
Matt Maruccia, VP for Acquisitions  
www.PierceEducationProperties.com National  
developers, buyers, owners and operators of student  
housing with specific expertise in Greek Housing  
acquisition, disposition, development, finance, etc.

## CHAPTER HOUSE FINANCING

**Risk Management Foundation** 847.612.6525  
Steve Davidson Steve.Davidson@sigmachicago.org  
Affordable financing to Sigma Chi house corporations for  
chapter house life & safety upgrades, construction,  
renovation and loan guaranty

## FINANCIAL & DATABASE MANAGEMENT

**GreekBill, Inc.** www.greekbill.com 800.457.3816  
Web-based billing and financial management service  
enables billing, collecting, budgeting, reporting, online  
payment options.

## FINANCIAL & DATABASE MANAGEMENT

**OmegaFi** www.omegafi.com 800.276.6342  
Chapter and alumni management tools to bill and collect  
dues and rent, manage rosters and records, pay bills and  
employees and file tax returns.

## FOOD SERVICES

**Campus Cooks** 847.309.1859  
William Reeder wreeder@campuscooks.com  
Comprehensive program: on-site cook plus management  
of staffing, payroll, food and supply ordering, menu  
preparation. www.campuscooks.com

## College Chefs

Jordan Wigton jwigton@collegechefs.com 217.369.7267  
www.collegechefs.com We provide trained professional  
chefs to prepare delicious meals and maintain a spotless  
kitchen.

## Culinary Consultants Purchasing Services

Stan Faulkner Support@infoccps.com 314.422.3407  
Brian Heider www.infoccps.com 847.566.7533  
National buying program exclusively for fraternity chapters  
with food programs. Instant cost savings with no major  
changes to existing food program.

## Gill Grilling

Brian Gill brian@gillgrilling.com 443.822.0264  
www.gillgrilling.com Equipment consultation & purchasing,  
Nutritional analysis, payroll, custom menus. Serving  
Maryland, Massachusetts & Alabama.

## Greek Kitchen Management

Amy Poklinkoski amy@greekkitchenmanagement.com 623.428.0496  
www.greekkitchenmanagement.com  
Kitchen management company specializing in staffing, high  
quality food preparation, food allergy accommodations and  
exceptional customer service

## FUNDRAISING & COMMUNICATION

**Affinity Connection** 814.237.0481 ext 131  
Greg Woodman greg@affinityconnection.com  
www.affinityconnection.com Database management,  
website hosting/management, newsletter production,  
newsletters, fundraising assistance, donation processing

## FUNDRAISING & COMMUNICATION

**Member Planet** 888.298.8845  
Patrick Terrian C 310.590.4413  
pterrian@memberplanet.com www.memberplanet.com  
Email newsletters and text messaging, chapter websites,  
member database, donation sites.

## Pennington & Associates

785.843.1661  
Patrick Alderdice palderdice@penningtonco.com  
www.penningtonco.com  
Capital campaign coordination, gift management, alumni  
relations programs, website development

## Elevate

770.903.3987  
Bill Paris bparis@elevateims.com C 404.441.9630  
www.elevateims.com  
Specializing in capital campaigns and alumni  
communications.

## HOUSE DIRECTOR SEARCH & SCREENING

**Greek House Resource** 361.450.0818  
greekhs@gmail.com www.greekhouse.net  
Screen, interview and placement for chapter house  
directors.

## RESERVE STUDY PLANS

**Regensis Reserves** 503.268.1789  
info@regensisreserves.com www.regensisreserves.com  
30 year plans for renovating chapter house components  
like furniture, roof, carpet, HVAC and more. Indispensable  
for planning, scheduling and fund raising.

## RESTORATION & CLEANING SERVICE

**ServiceMaster Recovery Management** 800.954.9444  
Cal McCarty cal.mccarty@smdsi.com C 224.361.1841  
www.smdsi.com

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